

BEFORE THE DIVISION OF INSURANCE

STATE OF COLORADO

FINAL AGENCY ORDER O-04-141

**IN THE MATTER OF THE MARKET CONDUCT EXAMINATION OF UNITED
HEALTHCARE INSURANCE COMPANY,**

Respondent

THIS MATTER comes before the Colorado Commissioner of Insurance (the “Commissioner”) as a result of a market conduct examination conducted by the Colorado Division of Insurance (the “Division”) of United Healthcare Insurance Company (the “Respondent”), pursuant to §§ 10-1-201 to 207, C.R.S. The Commissioner has considered and reviewed the market conduct examination report dated October 9, 2003 (the “Report”), relevant examiner work papers, all written submissions and rebuttals, and the recommendations of staff. The Commissioner finds and orders as follows:

FINDINGS OF FACT

1. At all relevant times, the Respondent was licensed by the Division as an indemnity, accident and health insurance company.
2. In accordance with §§ 10-1-201 to 207, C.R.S., on October 9, 2003, the Division completed a market conduct examination of the Respondent. The period of examination was January 1, 2002 to December 31, 2002.
3. In scheduling the market conduct examination and in determining its nature and scope, the Commissioner considered such matters as the results of financial statement analyses and ratios, changes in management or ownership, actuarial opinions, reports of independent certified public accountants, complaint analyses, underwriting and claims practices, pricing, product solicitation, policy form compliance, market share analyses, and other criteria as set forth in the most recent available edition of the examiners’ handbook adopted by the National Association of Insurance Commissioners, as required by § 10-1-203(1), C.R.S.
4. In conducting the examination, the examiners observed those guidelines and procedures set forth in the most recent available edition of the examiners’ handbook adopted by the National Association of Insurance Commissioners and the Colorado insurance examiners handbook. The Commissioner also employed other guidelines and procedures that he deemed appropriate, pursuant to § 10-1-204(1), C.R.S.

5. The market conduct examiners prepared a Report. The Report is comprised of only the facts appearing upon the books, records, or other documents of the Respondent, its agents or other persons examined, or as ascertained from the testimony of the Respondent's officers or agents or other persons examined concerning Respondent's affairs. The Report contains the conclusions and recommendations that the examiners find reasonably warranted based upon the facts.
6. Respondent delivered to the Division written submissions and rebuttals to the Report.
7. The Commissioner has fully considered and reviewed the Report, all of Respondent's submissions and rebuttals, and all relevant portions of the examiner's work papers.

CONCLUSIONS OF LAW AND ORDER

8. Unless expressly modified in this Final Agency Order ("Order"), the Commissioner adopts the facts, conclusions and recommendations contained in the final Report. A copy of the final Report is attached to the Order and is incorporated by reference.
9. Issue E1 concerns the following violation: Failure of the forms to provide coverage for dental care resulting from accidents in all instances required by law. The Respondent shall provide evidence that it revised all its affected forms to remove the restrictions on dental coverage as the result of accidents to ensure compliance with Colorado insurance law. The Division's records indicate that the Respondent has complied with the corrective actions ordered concerning this violation.
10. Issue E2 concerns the following violation: Failure of the forms to provide a complete and accurate description of the required hospice care benefits. The Respondent shall provide evidence that it revised all affected forms to reflect the correct and accurate description of the required hospice care benefits to ensure compliance with Colorado insurance law. The Division's records indicate that the Respondent has complied with the corrective actions ordered concerning this violation.
11. Issue E3 concerns the following violation: Failure of the forms to provide durable medical equipment benefits in accordance with Colorado insurance law. The Respondent shall provide evidence that it revised all affected forms to reflect the correct durable medical equipment benefits to ensure compliance with Colorado insurance law. The Division's records indicate that the Respondent has complied with the corrective actions ordered concerning this violation.

12. Issue E4 concerns the following violation: Failure of the forms, in some instances, to limit the “look-back period” for medical information to five (5) years. The Respondent shall provide evidence that it revised all affected forms to reflect only a five (5) year “look-back period” to ensure compliance with Colorado insurance law. The Division’s records indicate that the Respondent has complied with the corrective actions ordered concerning this violation.
13. Issue E5 concerns the following violation: Failure of the forms, in some instances, to allow for otherwise eligible employees to enroll in continuation coverage. The Respondent shall provide evidence that it revised its forms to allow for qualified individuals to enroll in continuation coverage to ensure compliance with Colorado insurance law. The Division’s records indicate that the Respondent has complied with the corrective actions ordered concerning this violation.
14. Issue E6 concerns the following violation: Failure of the policy forms to provide accurate information concerning premium rate setting. The Respondent shall provide evidence that it revised all affected forms to provide accurate information concerning changes in premium rate setting to ensure compliance with Colorado insurance law. The Division’s records indicate that the Respondent has complied with the corrective actions ordered concerning this violation.
15. Issue E7 concerns the following violation: Failure of the forms to provide coverage for congenital defects and birth abnormalities as mandated by Colorado insurance law. The Respondent shall provide evidence that it revised all affected forms to eliminate the requirement that congenital defects and birth abnormalities must be identified within the first twelve (12) months of life to ensure compliance with Colorado insurance law. The Division’s records indicate that the Respondent has complied with the corrective actions ordered concerning this violation.
16. Issue E8 concerns the following violation: Failure of the forms to provide correct information regarding changes to premium rates. The Respondent shall provide evidence that it revised all affected forms to reflect correct information regarding premium rate changes to ensure compliance with Colorado insurance law. The Division’s records indicate that the Respondent has complied with the corrective actions ordered concerning this violation.
17. Issue G1 concerns the following violation: Failure, in some instances, to secure and maintain signed applications or waivers of coverage for eligible employees and/or their dependents. The Respondent shall provide evidence that it revised its procedures to ensure that all waivers of

coverage and/or signed applications for eligible employees and/or their dependents are secured and maintained upon the initial issue of the small employer group, or subsequent to an employee in the waiting period at initial application becoming eligible in compliance with Colorado insurance law. The Division's records indicate that the Respondent has complied with the corrective actions ordered concerning this violation.

18. Issue G2 concerns the following violation: Failure, in some instances, to include the required Basic and Standard Health Benefit Plan disclosure in small group application materials. The Respondent shall provide evidence that it included the required Basic and Standard Health Benefit plan disclosure in all affected small group application materials. The Division's records indicate that the Respondent has complied with the corrective actions ordered concerning this violation.
19. Issue G3 concerns the following violation: Failure to obtain the required employer provided listing of eligible dependents. The Respondent shall provide evidence that it revised its procedures to ensure that all small employer groups provide a complete listing of eligible dependents in compliance with Colorado insurance law. The Division's records indicate that the Respondent has complied with the corrective actions ordered concerning this violation.
20. Issue G4 concerns the following violation: Failure, in some instances, to include the small group disclosure requirements in new application materials. The Respondent shall provide evidence that it revised its procedures to ensure that all small employer group application materials contain the Small Employer Health Plan disclosure in compliance with Colorado insurance law. The Division's records indicate that the Respondent has complied with the corrective actions ordered concerning this violation.
21. Pursuant to § 10-1-205(3)(d), C.R.S, the Respondent shall pay a civil penalty to the Division in the amount of seven thousand and no/100 dollars (\$7,000.00). This fine represents a combined fine for the cited violations of Colorado law. This fine was calculated in accordance with Division guidelines for assessing penalties and fines, including Division bulletin no. 1-98, issued on January 1, 1998.
22. Pursuant to § 10-1-205(4)(a), C.R.S., within sixty (60) days of the date of this Order, the Respondent shall file affidavits executed by each of its directors stating under oath that they have received a copy of the adopted report and related order.

23. Unless otherwise specified in this Order, all requirements with this Order shall be completed within thirty (30) days of the date of this Order. Respondent shall submit written evidence of compliance with all requirements to the Division within the thirty (30) day time frame, except where Respondent has already complied, as specifically noted in the Order. Copies of any rate and form filings shall be provided to the rate and forms section with evidence of the filings sent to the market conduct section. All audits shall be performed in accordance with Division guidelines. Unless otherwise specified in this Order, all audit reports must be received within ninety (90) days of the Order, with a summary of the findings, including all monetary payments to covered persons.
24. This Order shall not prevent the Division from commencing future agency action relating to conduct of the Respondent not specifically addressed in the Report, not resolved according to the terms and conditions in this Order, or occurring before or after the examination period. Failure by the Respondent to comply with the terms of this Order may result in additional actions, penalties and sanctions, as provided for by law.
25. Copies of the examination report, the Respondent's response, and this final Order will be made available to the public no earlier than thirty (30) days after the date of this Order, subject to the requirements of § 10-1-205, C.R.S.

WHEREFORE: It is hereby ordered that the findings and conclusions contained in the final examination report dated October 9, 2003, are hereby adopted and filed and made an official record of this office, and the above Order is hereby approved this 6th day of February, 2004.



Doug Dean
Commissioner of Insurance

CERTIFICATE OF MAILING

I hereby certify that on the 6th day of February, 2004, I deposited the within **FINAL AGENCY ORDER NO. O-04-141 IN THE MATTER OF THE MARKET CONDUCT EXAMINATION OF UNITED HEALTHCARE INSURANCE COMPANY**, in the United States Mail with postage affixed and addressed to:

Mr. Ronald B. Colby, President
United Healthcare Insurance Company
450 Columbus Blvd. 4NB
Hartford, CT 06103

Jean Boord, Regional Compliance Director
United Healthcare Insurance Company
10 Cadillac Drive, Suite 200
Brentwood, TN 37027

A handwritten signature in cursive script, reading "Dolores Arrington".

Dolores Arrington, MA, AIRC
Market Conduct Section
Division of Insurance